MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

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OFFICE OF
INSURANCE COMMISSIONER

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Chief Hearing Officer

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Chief Hearing Officer
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BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of:	)	
	)	No. 10-0204
WILLIAM H. TANNER and ANCHOR	)	
BAY INSURANCE MANAGERS, INC.,	)	NOTICE OF HEARING
	)	AND ORDER GRANTING
Licensees.	)	DISCRETIONARY STAY
	)	

TO: William H. Tanner, CPCU, AU, ASLI, CISC
15646 Cox Ave N.W.
Poulsbo, WA 98370

William H. Tanner, President
Anchor Bay Insurance Managers, Inc.
P.O. Box 2510
Silverdale, WA 98383

COPY TO: Mike Kreidler, Insurance Commissioner
Michael G. Watson, Chief Deputy Insurance Commissioner
Carol Sureau, Esq., Deputy Commissioner, Legal Affairs Division
Charles D. Brown, Esq., Sr. Staff Attorney, Legal Affairs Division
John F. Hamje, Deputy Commissioner, Consumer Protection Division
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

NOTICE OF HEARING

On November 4, 2010, the Insurance Commissioner (OIC) received a letter via email from William H. Tanner in this matter, which letter shall be considered a Demand for Hearing. The purpose of said Demand for Hearing is to contest the Commissioner's Order No. 10-0204. Order

No. 10-0204 suspends and revokes the insurance producer's licenses of William H. Tanner and Anchor Bay Insurance Managers, Inc. (Licensees).

As stated in his aforereferenced Demand for Hearing, the Licensee's position includes, by reference, *those issues generally raised in* [their] *letter dated 11/2/10 and emailed to* [the OIC's] *examiners Mary Tunis and Marianne Azevedo on 11/3/10.* Said issues include the Licensees' assertion that the OIC gave unclear guidance as to what funds must remain in the trust account and that the OIC's examiners used the wrong formula when analyzing the status of Licensees' trust account. The OIC's position is as stated in its above-referenced Order.

On November 8, 2010, the undersigned held a first prehearing conference in this matter. William H. Tanner and Anchor Bay Insurance Managers, Inc. appeared pro se, by and through William H. Tanner. The OIC appeared pro se, by and through Charles D. Brown, Esq., Sr. Staff Attorney in the OIC's Legal Affairs Division. In addition to discussing the issue of stay of the Order, addressed below, the undersigned reviewed administrative procedures to be expected at hearing with reference to Title 34 RCW, the Administrative Procedures Act. The undersigned addressed all questions and concerns of the parties. By agreement of the parties, a hearing was scheduled to commence on December 16, 2010. The parties were informed if they had any future questions or concerns, or requests for additional prehearing conferences, they should contact Nicole Kelly, Paralegal to the undersigned, who can be reached by telephone at (360) 725-7002, e-mail at nicolek@oic.wa.gov, or at the above address.

On November 19, 2010, at the request of the Licensees, the undersigned held a second prehearing conference, which included all parties. The purpose of the conference was to go over in detail each question presented in the Licensees' letter dated November 16 and supplemented by email dated November 18. The undersigned reviewed and responded to each procedural question listed therein to the satisfaction of the Licensees. Further, the undersigned went through each question regarding discovery listed therein, allowed the Licensees to define and detail their requests and the OIC agreed as a courtesy to provide such discovery if available without the need for formal discovery.

The hearing will be held under the authority of Title 48 RCW and specifically RCW 48.04, Title 34 RCW and regulations applicable thereto. Pursuant thereto, the Commissioner has delegated to the undersigned the authority to conduct all activities preliminary to the hearing, the hearing and all activities following the hearing, and to determine and enter the final decision in this matter. Pursuant to Title 34 RCW, the undersigned shall handle these activities and make the final decision herein without input or communication with the Commissioner or any member of his staff or others who have knowledge of the facts herein. Mr. Tanner will appear pro se, unless he wishes to be represented by an attorney, in which case the attorney must file a Notice of Appearance promptly, considering the agreed upon hearing date. Mr. Tanner's address is 15646 Cox Avenue NW, Poulsbo, Washington 98370, and his telephone number is (360) 613-5455. The Commissioner will appear pro se, by and through Charles D. Brown, Sr. Staff Attorney in his Legal Affairs division. Mr. Brown's address is Office of the Insurance Commissioner, Legal Affairs Division, P.O. Box 40255, Olympia, WA 98504-0255, and his telephone number is (360) 725-7044.

As required by RCW 34.05.434(2)(i), you are advised that a party who fails to attend or participate in the hearing or other stage of the adjudicative proceeding may be held in default in accordance with ch. 34.05 RCW.

Pursuant to WAC 10-08-040(2) and in accordance with ch. 2.42 RCW, if a limited English-speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed. There will be no cost to the party or witness therefore, except as may be provided by ch. 2.42 RCW. A Request for Interpreter form is attached to this Notice, with instructions thereon.

DISCRETIONARY STAY

Along with their Demand for Hearing, the Licensees anticipated the OIC's Order would be automatically stayed pursuant to RCW 48.04.020(1). However, the undersigned advised that because the OIC's Order included a temporary suspension of licenses the Licensees had no right to an automatic stay under RCW 48.04.020(1)(d). Therefore, upon request of the Licensees by email of November 5, which request included sufficient bases therefore, the undersigned granted a temporary discretionary stay until November 8. During the November 8 first prehearing conference, pursuant to RCW 48.04.020(2) and with the agreement of the OIC, the undersigned granted the Licensees a discretionary stay until entry of the final order on hearing on the condition that all premiums and Washington state premium taxes received by the Licensees shall be deposited into the Licensees' premium trust account and remain there, except that carriers and insureds entitled to those premiums and return premiums shall continue to be paid out of those premium funds as appropriate. Further, on or before December 15, 2010, the Licensees anticipate receipt of funds sufficient to pay the subject past due Washington state premium taxes of approximately $89,000 plus interest and penalties; the OIC has agreed that the Licensees may pay the OIC this past due amount of Washington premium taxes plus interest and penalties from these funds.

This Notice is provided pursuant to Title 48 RCW and particularly RCW 48.04.010 and 48.04.020, Title 34 and particularly Chapter 34.05 RCW, and regulations applicable thereto.

Based upon the above activity,

IT IS HEREBY ORDERED that a discretionary stay is GRANTED upon the condition that all premiums and Washington state premium taxes received by the Licensees shall be deposited into the Licensees' premium trust account and remain there except that 1) carriers and insureds entitled to those premiums and return premiums shall continue to be paid out of those premium funds as appropriate; and 2) Washington state premium taxes due or past due to the OIC may be paid from Washington state premium taxes deposited into the Licensees' premium trust account. Further, on or before December 15, 2010, the Licensee anticipates receipt of funds sufficient to pay the subject past due Washington state premium taxes of approximately $89,000 plus interest and penalties; the OIC has agreed that the Licensees may pay the OIC this past due amount of Washington premium taxes plus interest and penalties from these funds.

IT IS FURTHER ORDERED the adjudicative proceeding in this matter shall commence on **December 16, 2010 at the hour of 9:00 a.m.,** Pacific Standard Time, in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, Washington 98501.

ENTERED AT TUMWATER, WASHINGTON, this 23rd day of November, 2010, pursuant to RCW 48.04, Title 34 RCW and regulations applicable thereto.

PATRICIA D. PETERSEN
Chief Hearing Officer
Presiding Officer

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery through normal office mailing custom, a true copy of this document to the following people at their addresses listed above: William H. Tanner, Mike Kreidler, Michael G. Watson, Carol Sureau, Esq., Charles D. Brown, Esq., and John F. Hamje.

DATED this 23rd day of November, 2010.

NICOLE KELLY